

## SUBCOMMITTEE: SUBCOMMITTEE #2

## HOUSE BILL NO. 901

## AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on Labor and Commerce

on January 30, 2020)

(Patrons Prior to Substitute--Delegates Sickles and Levine [HB 189])

A BILL to amend and reenact §§ 38.2-3438 and 38.2-3445 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 38.2-3445.01, relating to health insurance; payment to out-of-network providers.

**Be it enacted by the General Assembly of Virginia:**

**1. That §§ 38.2-3438 and 38.2-3445 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding a section numbered 38.2-3445.01 as follows:**

**§ 38.2-3438. Definitions.**

As used this article, unless the context requires a different meaning:

"Child" means a son, daughter, stepchild, adopted child, including a child placed for adoption, foster child or any other child eligible for coverage under the health benefit plan.

"Codes" has the same meaning ascribed to the term in § 65.2-605.

"Cost-sharing requirement" means a deductible, copayment amount, or coinsurance rate.

"Covered benefits" or "benefits" means those health care services to which an individual is entitled under the terms of a health benefit plan.

"Covered person" means a policyholder, subscriber, enrollee, participant, or other individual covered by a health benefit plan.

"Dependent" means the spouse or child of an eligible employee, subject to the applicable terms of the policy, contract, or plan covering the eligible employee.

"Emergency medical condition" means, regardless of the final diagnosis rendered to a covered person, a medical condition manifesting itself by acute symptoms of sufficient severity, including severe pain, so that a prudent layperson, who possesses an average knowledge of health and medicine, could

27 reasonably expect the absence of immediate medical attention to result in (i) serious jeopardy to the mental  
28 or physical health of the individual, (ii) danger of serious impairment to bodily functions, (iii) serious  
29 dysfunction of any bodily organ or part, or (iv) in the case of a pregnant woman, serious jeopardy to the  
30 health of the fetus.

31 "Emergency services" means with respect to an emergency medical condition: (i) a medical  
32 screening examination as required under § 1867 of the Social Security Act (42 U.S.C. § 1395dd) that is  
33 within the capability of the emergency department of a hospital, including ancillary services routinely  
34 available to the emergency department to evaluate such emergency medical condition and (ii) such further  
35 medical examination and treatment, to the extent they are within the capabilities of the staff and facilities  
36 available at the hospital, as are required under § 1867 of the Social Security Act (42 U.S.C. § 1395dd  
37 (e)(3)) to stabilize the patient.

38 "ERISA" means the Employee Retirement Income Security Act of 1974.

39 "Essential health benefits" include the following general categories and the items and services  
40 covered within the categories in accordance with regulations issued pursuant to the PPACA: (i)  
41 ambulatory patient services; (ii) emergency services; (iii) hospitalization; (iv) laboratory services; (v)  
42 maternity and newborn care; (vi) mental health and substance abuse disorder services, including  
43 behavioral health treatment; (vii) pediatric services, including oral and vision care; (viii) prescription  
44 drugs; (ix) preventive and wellness services and chronic disease management; and (x) rehabilitative and  
45 habilitative services and devices.

46 "Facility" means an institution providing health care related services or a health care setting,  
47 including but not limited to hospitals and other licensed inpatient centers; ambulatory surgical or treatment  
48 centers; skilled nursing centers; residential treatment centers; diagnostic, laboratory, and imaging centers;  
49 and rehabilitation and other therapeutic health settings.

50 "Genetic information" means, with respect to an individual, information about: (i) the individual's  
51 genetic tests; (ii) the genetic tests of the individual's family members; (iii) the manifestation of a disease  
52 or disorder in family members of the individual; or (iv) any request for, or receipt of, genetic services, or  
53 participation in clinical research that includes genetic services, by the individual or any family member of

the individual. "Genetic information" does not include information about the sex or age of any individual. As used in this definition, "family member" includes a first-degree, second-degree, third-degree, or fourth-degree relative of a covered person.

"Genetic services" means (i) a genetic test; (ii) genetic counseling, including obtaining, interpreting, or assessing genetic information; or (iii) genetic education.

"Genetic test" means an analysis of human DNA, RNA, chromosomes, proteins, or metabolites, if the analysis detects genotypes, mutations, or chromosomal changes. "Genetic test" does not include an analysis of proteins or metabolites that is directly related to a manifested disease, disorder, or pathological condition.

"Geographic region" means the Centers for Medicare and Medicaid Services Virginia Geographic Rating Areas.

"Grandfathered plan" means coverage provided by a health carrier to (i) a small employer on March 23, 2010, or (ii) an individual that was enrolled on March 23, 2010, including any extension of coverage to an individual who becomes a dependent of a grandfathered enrollee after March 23, 2010, for as long as such plan maintains that status in accordance with federal law.

"Group health insurance coverage" means health insurance coverage offered in connection with a group health benefit plan.

"Group health plan" means an employee welfare benefit plan as defined in § 3(1) of ERISA to the extent that the plan provides medical care within the meaning of § 733(a) of ERISA to employees, including both current and former employees, or their dependents as defined under the terms of the plan directly or through insurance, reimbursement, or otherwise.

"Health benefit plan" means a policy, contract, certificate, or agreement offered by a health carrier to provide, deliver, arrange for, pay for, or reimburse any of the costs of health care services. "Health benefit plan" includes short-term and catastrophic health insurance policies, and a policy that pays on a cost-incurred basis, except as otherwise specifically exempted in this definition. "Health benefit plan" does not include the "excepted benefits" as defined in § 38.2-3431.

80 "Health care professional" means a physician or other health care practitioner licensed, accredited,  
81 or certified to perform specified health care services consistent with state law.

82 "Health care provider" or "provider" means a health care professional or facility.

83 "Health care services" means services for the diagnosis, prevention, treatment, cure, or relief of a  
84 health condition, illness, injury, or disease.

85 "Health carrier" means an entity subject to the insurance laws and regulations of the  
86 Commonwealth and subject to the jurisdiction of the Commission that contracts or offers to contract to  
87 provide, deliver, arrange for, pay for, or reimburse any of the costs of health care services, including an  
88 insurer licensed to sell accident and sickness insurance, a health maintenance organization, a health  
89 services plan, or any other entity providing a plan of health insurance, health benefits, or health care  
90 services.

91 "Health maintenance organization" means a person licensed pursuant to Chapter 43 (§ 38.2-4300  
92 et seq.).

93 "Health status-related factor" means any of the following factors: health status; medical condition,  
94 including physical and mental illnesses; claims experience; receipt of health care services; medical history;  
95 genetic information; evidence of insurability, including conditions arising out of acts of domestic violence;  
96 disability; or any other health status-related factor as determined by federal regulation.

97 "Individual health insurance coverage" means health insurance coverage offered to individuals in  
98 the individual market, which includes a health benefit plan provided to individuals through a trust  
99 arrangement, association, or other discretionary group that is not an employer plan, but does not include  
100 coverage defined as "excepted benefits" in § 38.2-3431 or short-term limited duration insurance. Student  
101 health insurance coverage shall be considered a type of individual health insurance coverage.

102 "Individual market" means the market for health insurance coverage offered to individuals other  
103 than in connection with a group health plan.

104 "Managed care plan" means a health benefit plan that either requires a covered person to use, or  
105 creates incentives, including financial incentives, for a covered person to use health care providers  
106 managed, owned, under contract with, or employed by the health carrier.

107       "Market-based value" means the health-carrier-specific median in-network rate with respect to  
108 health care services covered by a group health plan or group or individual health insurance coverage which  
109 is the median negotiated rate under the applicable plan or coverage recognized under the plan or coverage  
110 as the total maximum payment for the service under the plan or coverage, for the same or a similar service  
111 that is provided by a provider in the same or similar specialty and in the geographic region in which the  
112 service is furnished.

113       "Network" means the group of participating providers providing services to a managed care plan.

114       "Open enrollment" means, with respect to individual health insurance coverage, the period of time  
115 during which any individual has the opportunity to apply for coverage under a health benefit plan offered  
116 by a health carrier and must be accepted for coverage under the plan without regard to a preexisting  
117 condition exclusion.

118       "Out-of-network services" means services rendered to a covered person by a health care provider  
119 that does not have an in-network participation agreement with the health carrier or managed care plan that  
120 governs reimbursement of such services as a member of the health benefit plan's network.

121       "Participating health care professional" means a health care professional who, under contract with  
122 the health carrier or with its contractor or subcontractor, has agreed to provide health care services to  
123 covered persons with an expectation of receiving payments, other than ~~coinsurance, copayments, or~~  
124 ~~deductibles~~ cost-sharing requirements, directly or indirectly from the health carrier.

125       "PPACA" means the Patient Protection and Affordable Care Act (P.L. 111-148), as amended by  
126 the Health Care and Education Reconciliation Act of 2010 (P.L. 111-152), and as it may be further  
127 amended.

128       "Preexisting condition exclusion" means a limitation or exclusion of benefits, including a denial  
129 of coverage, based on the fact that the condition was present before the effective date of coverage, or if  
130 the coverage is denied, the date of denial, whether or not any medical advice, diagnosis, care, or treatment  
131 was recommended or received before the effective date of coverage. "Preexisting condition exclusion"  
132 also includes a condition identified as a result of a pre-enrollment questionnaire or physical examination  
133 given to an individual, or review of medical records relating to the pre-enrollment period.

"Premium" means all moneys paid by an employer, eligible employee, or covered person as a condition of coverage from a health carrier, including fees and other contributions associated with the health benefit plan.

"Primary care health care professional" means a health care professional designated by a covered person to supervise, coordinate, or provide initial care or continuing care to the covered person and who may be required by the health carrier to initiate a referral for specialty care and maintain supervision of health care services rendered to the covered person.

"Rescission" means a cancellation or discontinuance of coverage under a health benefit plan that has a retroactive effect. "Rescission" does not include:

1. A cancellation or discontinuance of coverage under a health benefit plan if the cancellation or discontinuance of coverage has only a prospective effect, or the cancellation or discontinuance of coverage is effective retroactively to the extent it is attributable to a failure to timely pay required premiums or contributions towards the cost of coverage; or

2. A cancellation or discontinuance of coverage when the health benefit plan covers active employees and, if applicable, dependents and those covered under continuation coverage provisions, if the employee pays no premiums for coverage after termination of employment and the cancellation or discontinuance of coverage is effective retroactively back to the date of termination of employment due to a delay in administrative recordkeeping.

"Stabilize" means with respect to an emergency medical condition, to provide such medical treatment as may be necessary to assure, within reasonable medical probability, that no material deterioration of the condition is likely to result from or occur during the transfer of the individual from a facility, or, with respect to a pregnant woman, that the woman has delivered, including the placenta.

"Student health insurance coverage" means a type of individual health insurance coverage that is provided pursuant to a written agreement between an institution of higher education, as defined by the Higher Education Act of 1965, and a health carrier and provided to students enrolled in that institution of higher education and their dependents, and that does not make health insurance coverage available other than in connection with enrollment as a student, or as a dependent of a student, in the institution of higher

education, and does not condition eligibility for health insurance coverage on any health status-related factor related to a student or a dependent of the student.

"Wellness program" means a program offered by an employer that is designed to promote health or prevent disease.

**§ 38.2-3445. Patient access to emergency services.**

A. Notwithstanding any provision of § 38.2-3407.11, or 38.2-4312.3, or any other section of this title to the contrary, if a health carrier providing individual or group health insurance coverage provides any benefits with respect to services in an emergency department of a hospital, the health carrier shall provide coverage for emergency services:

1. Without the need for any prior authorization determination, regardless of whether the emergency services are provided on an in-network or out-of-network basis;

2. Without regard to the final diagnosis rendered to the covered person or whether the health care provider furnishing the emergency services is a participating health care provider with respect to such services;

3. If such services are provided out-of-network, without imposing any administrative requirement or limitation on coverage that is more restrictive than the requirements or limitations that apply to such services received from an in-network provider;

4. If such services are provided out-of-network, a covered person shall not be required to pay an out-of-network provider any amount other than the cost-sharing requirement, and any cost-sharing requirement ~~expressed as copayment amount or coinsurance rate~~ cannot exceed the cost-sharing requirement that would apply if such services were provided in-network. ~~However, an individual may be required to pay the excess of the amount the out-of-network provider charges over the amount the health carrier is required to pay under this section.~~ The health carrier complies with this requirement if the health carrier provides benefits with respect to an emergency service in an amount equal to the ~~greatest~~ lower of (i) ~~the amount negotiated with in-network providers for the emergency service, or if more than one amount is negotiated, the median of these amounts; (ii) the amount for the emergency service calculated using the same method the health carrier generally uses to determine payments for out-of-network services, such as~~

188 ~~the usual, customary, and reasonable amount; and (iii) the market-based value for such services or 125~~  
189 ~~percent of the amount that would be paid under Medicare for the emergency service. The health carrier~~  
190 ~~shall pay any amount due the health care provider pursuant to this subdivision directly, less any cost-~~  
191 ~~sharing requirement. The health care provider shall not bill or otherwise seek payment from the covered~~  
192 ~~person for any amount other than the amount of any such cost-sharing requirement.~~

193 A deductible may be imposed with respect to out-of-network emergency services only as a part of  
194 a deductible that generally applies to out-of-network benefits. If an out-of-pocket maximum generally  
195 applies to out-of-network benefits, that out-of-pocket maximum shall apply to out-of-network emergency  
196 services; and

197 5. Without regard to any term or condition of such coverage other than the exclusion of or  
198 coordination of benefits or an affiliation or waiting period.

199 B. If, after the out-of-network provider receives payment from a health carrier, the out-of-network  
200 provider determines that the amount determined by the health carrier as the appropriate reimbursement  
201 for emergency services does not comply with the requirements of subdivision A 4, the health care provider  
202 shall notify the health carrier within 90 days of such determination. The out-of-network provider and the  
203 health carrier shall make a good faith effort to reach a resolution on the appropriate amount of  
204 reimbursement, pursuant to subdivision A 4, for the emergency services provided.

205 C. If a resolution is not reached between the out-of-network provider and the health carrier within  
206 30 days of notification under subsection B, either party may request the Commission to review the  
207 disputed reimbursement amount and make a determination as to whether such amount complies with  
208 subdivision A 4.

209 D. Claims presenting common codes for the health carrier may be reviewed together by the  
210 Commission.

211 E. Except as provided in subsections B, C, and D, the Commission shall have no jurisdiction to  
212 adjudicate disputes arising out of this section.



F. This section shall apply to health coverage insurance offered to state employees pursuant to § 2.2-2818 and to health insurance coverage offered to employees of local governments, local officers, teachers, and retirees, and the dependents of such employees, teachers, and retirees pursuant to § 2.2-1204.

G. Except as provided in this subsection, the provisions of this section shall not apply to an entity providing or administering an employee welfare benefit plan, as defined in § 3(1) of the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1002(1), that is self-insured or self-funded with respect to such plan. Such an entity may elect to be subject to the provisions of this section by providing notice to the Commission annually, in a form and manner prescribed by the Commission, attesting to the plan's participation and agreeing to be bound by the provisions of this section. Such entity shall amend the plan, policies, contracts, and other documents to reflect such election.

**§ 38.2-3445.01. Services provided at an in-network facility.**

A. As used in this section, "in-network facility" means a facility having a contract with a carrier to provide health care services to a covered person under a health benefit plan as a member of the health benefit plan's network.

B. If a covered person receives out-of-network services at an in-network facility, including any referrals for diagnostic services, and such services would be covered if the services were received from an in-network provider, the covered person shall not be required to pay any amount other than the cost-sharing requirement for such services, and no cost-sharing requirement shall exceed the cost-sharing requirement that would apply if such services were provided in-network. The health carrier complies with this requirement if the health carrier provides benefits with respect to such services in an amount equal to the lower of the market-based value for such services or 125 percent of the amount that would be paid under Medicare for the service. The health carrier shall pay any amount due the health care provider pursuant to this subsection directly, less any cost-sharing requirement. The health care provider shall not bill or otherwise seek payment from the covered person for any amount other than the amount of any such cost-sharing requirement.

C. If, after the out-of-network provider receives payment from a health carrier, the out-of-network provider determines that the amount determined by the health carrier as the appropriate reimbursement

for services does not comply with the requirements of subsection B, the health care provider shall notify the health carrier within 90 days of such determination. The out-of-network provider and the health carrier shall make a good faith effort to reach a resolution on the appropriate amount of reimbursement, pursuant to subsection B, for the services provided.

D. If a resolution is not reached between the out-of-network provider and the health carrier within 30 days of notification under subsection C, either party may request the Commission to review the disputed reimbursement amount and make a determination as to whether such amount complies with subsection B.

E. Claims presenting common codes for the health carrier may be reviewed together by the Commission.

F. Except as provided in subsections C, D, and E the Commission shall have no jurisdiction to adjudicate disputes arising out of this section.

G. This section shall apply to health insurance coverage offered to state employees pursuant to § 2.2-2818 and to health insurance coverage offered to employees of local governments, local officers, teachers, and retirees, and the dependents of such employees, teachers, and retirees pursuant to § 2.2-1204.

H. Except as provided in this subsection, the provisions of this section shall not apply to an entity providing or administering an employee welfare benefit plan, as defined in § 3(1) of the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1002(1), that is self-insured or self-funded with respect to such plan. Such an entity may elect to be subject to the provisions of this section by providing notice to the Commission annually, in a form and manner prescribed by the Commission, attesting to the plan's participation and agreeing to be bound by the provisions of this section. Such entity shall amend the plan, policies, contracts, and other documents to reflect such election.

**2. That any health carrier providing individual or group health insurance coverage shall report to the State Corporation Commission's Bureau of Insurance (the Bureau) no later than September 1, 2020, the number of out-of-network claims for emergency services paid pursuant to subdivision A 4 of § 38.2-3445 of the Code of Virginia, as amended by this act, in fiscal years 2017, 2018, and 2019. Thereafter, any health carrier providing individual or group health insurance coverage shall report**

267 to the Bureau, no later than November 1 of each year, the number of (i) out-of-network claims for  
268 emergency services paid pursuant to subdivision A 4 of § 38.2-3445 of the Code of Virginia, as  
269 amended by this act, and (ii) out-of-network claims for services provided at in-network facilities  
270 paid pursuant to § 38.2-3445.01 of the Code of Virginia, as created by this act, for the previous fiscal  
271 year.

272 3. That any health carrier providing individual or group health insurance coverage shall report to  
273 the State Corporation Commission's Bureau of Insurance no later than September 1 of each year  
274 the number and identity of health care providers in the health carrier's network of emergency  
275 services providers whose participation in the network was terminated by either the health carrier  
276 or the health care provider in the previous year and, if applicable, whether participation was  
277 subsequently reinstated in the same year. For any terminated health care providers identified by  
278 the health carrier in such report, the health carrier shall include (i) a description of the health care  
279 provider's or health carrier's stated reason for terminating participation and (ii) a description of  
280 the nature and extent of differences in payment levels for emergency services prior to termination  
281 and after reinstatement, if applicable, including a determination of whether such payment levels  
282 after reinstatement were higher or lower than those applied prior to termination.

283 4. That the State Corporation Commission's Bureau of Insurance (the Bureau) shall notify the  
284 Chairmen of the House and Senate Committees on Commerce and Labor of the information  
285 reported to the Bureau pursuant to the second and third enactments of this act no later than  
286 December 1 of each year. Such notice shall include (i) the number of out-of-network claims for  
287 emergency services paid pursuant to subdivision A 4 of § 38.2-3445 of the Code of Virginia, as  
288 amended by this act, for the previous fiscal year; (ii) the number of out-of-network claims for  
289 services provided at in-network facilities paid pursuant to § 38.2-3445.01 of the Code of Virginia, as  
290 created by this act, (iii) the number and identity of health care providers in the health carrier's  
291 network of emergency services providers whose participation in the network was terminated by the  
292 health carrier or the health care provider in the previous year and whether participation was  
293 subsequently reinstated in the same year; (iv) a summary of the stated reasons for terminating

294 participation; (v) a summary of the nature and extent of differences in payment levels prior to  
295 termination and after reinstatement, if applicable, including a determination of whether such  
296 payment levels after reinstatement were higher or lower than those applied prior to termination;  
297 and (vi) an assessment by the Bureau of the potential impact of any changes in network participation  
298 or payment levels for emergency services on health insurance premiums in the time period to which  
299 the report applies.

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